

1 BEFORE THE ARIZONA CORPORATION CONTINUES OF THE ARIZONA CORPORATION CORPORATION CONTINUES OF THE ARIZONA CORPORATION CORP Arizona Corporation Commission 2 COMMISSIONERS DOCKETED 3 BOB STUMP - Chairman SEP 1 5 2014 **GARY PIERCE BRENDA BURNS BOB BURNS** DOCKETED BY 5 SUSAN BITTER SMITH 6 IN THE MATTER OF THE APPLICATION OF DOCKET NO. WS-03478A-10-0523 7 FAR WEST WATER & SEWER, INC. FOR EXTENSION OF ITS CERTIFICATE OF 74741 DECISION NO. 8 CONVENIENCE AND NECESSITY FOR SEWER SERVICE. **OPINION AND ORDER** 9 DATE OF HEARING: August 7, 2014 10 PLACE OF HEARING: Tucson, Arizona 11 ADMINISTRATIVE LAW JUDGE: Jane L. Rodda 12 **APPEARANCES:** Craig A. Marks, Craig A. Marks, PLC, on behalf 13 of Far West Water & Sewer, Inc.: and 14 Robin Mitchell. Staff Attorney, Corporation Commission Legal Division, on 15 behalf of the Utilities Division. 16 BY THE COMMISSION: 17 18 Having considered the entire record herein and being fully advised in the premises, the 19 Arizona Corporation Commission ("Commission") finds, concludes, and orders that: 20 FINDINGS OF FACT 21 **Procedural History** 22 On December 30, 2010, Far West Water & Sewer Company, Inc. ("Far West" or 1. 23 "Company") filed an application with the Commission for an extension of its Certificate of 24 Convenience and Necessity ("CC&N" or "Certificate") to provide sewer service to a commercial 25 development in Yuma County known as Fortuna Commons. The Fortuna Commons extension area is 26 described in Exhibit A, attached hereto. Fortuna Commons is a shopping center on about 20 acres 27

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located three miles east of the City of Yuma.<sup>1</sup>

- 2. By Procedural Order dated March 4, 2011, a procedural schedule was established and a hearing was set for May 5, 2011.
- 3. On April 7, 2011, Far West docketed a copy of the certified mail receipt for the customer notification mailed to the property owner and an affidavit of publication indicating that the public notice of the hearing was published in the *Yuma Sun* on March 18, 2011 and March 25, 2011.
- 4. On April 15, 2011, the Commission's Utilities Division ("Staff") filed its Staff Report, recommending denial of the extension request because the Company's wastewater treatment plants were not in compliance with Arizona Department of Environmental Quality ("ADEQ") regulations or an ADEQ Consent Order, and concerns over the Company's financial and managerial abilities to provide service in its existing service territory.
- 5. On April 20, 2011, Far West filed a "Motion to Suspend the Procedural Schedule and To Continue Hearing," requesting that the procedural schedule be suspended and that the hearing be continued indefinitely.
- 6. By Procedural Order dated April 20, 2011, the procedural schedule was suspended and Far West was directed to file a status report when the treatment plant to serve the development was operational.
- 7. On December 27, 2011, Far West filed a Status Report indicating that Far West had completed a new force main and upgrades to its Section 14 wastewater treatment plant ("WWTP") and that the moratorium on new hook-ups for wastewater customers who would be served by the Palm Shadows and Section 14 WWTPs was lifted.
- 8. On February 2, 2012, Far West filed a Status Report, which indicated that it had made financial arrangements with Zenon Environmental ("Zenon"), and that Zenon had completed all tasks associated with the upgrades at the Section 14 and Del Oro WWTPs.
- 9. No additional filings were made in this docket until a Procedural Order dated January 6, 2014, directed Staff to update the status of this matter.

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<sup>&</sup>lt;sup>1</sup> Ex S-1 Staff Report at 1-2.

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- 10. On February 7, 2014, Staff filed a Response to the January 6, 2014 Procedural Order. The Response indicated that Staff believes that Far West is in total compliance with ADEQ regulations and orders; that the Company still desires to provide sewer service to Fortuna Commons; and that there are still customers in Fortuna Commons who want that service. Staff recommended that the Commission approve Far West's application to extend its CC&N to provide sewer service to Fortuna Commons, subject to the Company charging its authorized rates and charges in the extension area.
- 11. By Procedural Order dated March 18, 2014, a telephonic Procedural Conference convened on April 2, 2014, for the purpose of re-establishing a procedural schedule in this matter. Far West and Staff appeared though counsel. Far West agreed to file supplemental information in the form of pre-filed testimony to update its application. Staff did not believe its Staff Report, as supplemented by its February 7, 2014 Response, required further update.
- 12. By Procedural Order dated April 10, 2014, the matter was set for hearing on June 5, 2014.
- 13. On May 23, 2014, Far West filed a Motion to Continue Hearing because notice of the hearing had not been sent as directed in the June 5, 2014 Procedural Order. By Procedural Order dated May 28, 2014, the hearing was continued, and a Procedural Conference was set for June 5, 2014.
- 14. On June 5, 2014, the parties appeared through counsel at a Procedural Conference and discussed the timing of the hearing in this matter and the appropriate dissemination of the public notice for the hearing.
- 15. By Procedural Order dated June 6, 2014, the matter was re-set for hearing on August 7, 2014, at the Commission's Tucson offices.
- 16. On July 9, 2014, Far West docketed a copy of the certified mail receipt for the notice sent to the property owner in the extension area, and a copy of the public notice from the *Yuma Sun* indicating that the notice of the hearing was published on June 25, 2014.

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- 17. On July 15, 2014, Far West filed the Direct Testimony of Ray L. Jones. Mr. Jones is a licensed Professional Engineer and Certified Operator, and has been hired by Far West as a consultant to provide engineering and regulatory support services.
- 18. On August 1, 2014, Staff filed the Direct Testimony of Blessing Chukwu addressing the issue of whether the negotiated capacity fee in the Sewer Facilities Extension Agreement ("FXA") between the Fortuna Commons developer and Far West, or the Commission-approved Hook-up Fee should apply to the extension request. Staff agreed that Far West's sewer CC&N should be extended to the Fortuna Commons development, but recommended that the Commission-approved Hook-up Fee of \$6,000 apply rather than the \$106,488 negotiated charge established in the FXA. Staff states, however, that it would not object to the charge imposed by the FXA if the Fortuna Commons developer provides a letter confirming that the developer is willing and able to pay the negotiated amount.
- 19. On August 5, 2014, Far West filed a letter from Fortuna Commons Investments, LLC, the developer of the Fortuna Commons shopping center, indicating that the Fortuna Commons developer is ready and willing to pay the \$106,488 fee contained in the FXA in order to pay the development's proportionate share of Far West's costs of constructing the off-site improvements required to provide sewer service for the development.
- 20. The hearing convened on August 7, 2014, at the Commission's Tucson office. Mr. Jones testified for Far West, and Ms. Chukwu and Mr. Jian Liu, testified for Staff.

### **Background**

- 21. Far West is located in Yuma County, Arizona, and provides wastewater service to approximately 7,800 customers and 15,500 water customers.<sup>2</sup>
- 22. Far West's current rates were set in Decision No. 74097 (September 23, 2013). In that Decision, the Commission approved a \$3.3 million revenue increase for the sewer division to be phased-in subject to a number of conditions. One of the conditions required Far West to file documentation that it has satisfied fully the terms of all current Consent Orders with ADEQ and any

<sup>&</sup>lt;sup>2</sup> Decision No. 74097 (September 23, 2013).

<sup>3</sup> August 7, 2014 Hearing Transcript ("Tr.") at 47-48. <sup>4</sup> Ex A-1 Jones Direct at 3.

- 5 Id. at 4.
- 27 6 *Id.* at 3-4.
  - $^{7}$  *Id.* at 4.

8 Id.

other remaining ADEQ compliance issues. In May 2014, Far West satisfied the conditions required for full implementation of the rates authorized in Decision No. 74097.<sup>3</sup>

- 23. In June 2010, Far West entered into a Consent Judgment with ADEQ which required Far West to: (1) expand its Del Oro, Section 14, and Seasons WWTPs; (2) close its Villa del Rey and Villa Royal WWTPs and direct their flows to the upgraded Del Oro plant; and (3) close the Palm Shadows WWTP and direct its flows to the upgraded Section 14 WWTP.
- 24. By the end of 2011, Far West had: (1) completed Phase 1 of the Section 14 WWTP expansion; (2) closed the Palm Shadows WWTP and directed its flow to the Section 14 WWTP; and (3) completed the initial phase of the Del Oro WWTP expansion. As a result of these completed improvements, on December 27, 2011, ADEQ verified that the hook-up moratorium in place since 2006 preventing new connections to the Section 14 and Palm Shadows WWTPs was no longer in effect.<sup>5</sup>
- 25. By the end of 2012, Far West had: (1) made progress in decommissioning the closed Palm Shadows WWTP, including emptying and drying all tanks and ponds and testing soils; (2) completed additional work related to Phase 1 improvements at the Del Oro WWTP; and (3) moved decommissioned treatment facilities from the Del Oro WWTP to the Seasons WWTP, and began construction of the Seasons WWTP expansion.<sup>6</sup>
- 26. Mr. Jones testified that in 2013, Far West worked with ADEQ to resolve past noncompliance within the deadlines contained in the Consent Judgment, and that on October 15, 2013, the Consent Judgment was replaced by the First Amended Consent Judgment ("Amended Judgment"). Mr. Jones states that with the issuance of the Amended Judgment, Far West resolved all outstanding compliance issues with ADEQ.8
- 27. By the end of 2013, Far West had, in accordance with the terms of the Amended Judgment: (1) completed construction of the Phase 1 improvements to the Del Oro WWTP; (2)

completed construction of the Seasons WWTP, and (3) submitted an Acquifer Protection Permit ("APP") Amendment for the Palm Shadows WWTP to allow use of underground tanks for emergency storage and closure of the percolation ponds.<sup>9</sup>

- 28. In 2014, in accordance with the terms of the Amended Judgment, Far West has: (1) submitted as-built drawings and Engineer's Certificate of Completion for the Del Oro WWTP; (2) submitted an APP application for the Villa Del Rey WWTP; (3) supplemented the APP application for the Villa Del Rey WWTP as requested by ADEQ; and (4) supplemented the APP Amendment for the Palm Shadows WWTP as requested by ADEQ. On April 23, 2014, ADEQ issued the requested Amendment to the APP for Palm Shadows WWTP.<sup>10</sup>
- 29. Mr. Jones testified that Far West is currently in full compliance with the terms and conditions of the Amended Consent Judgment.<sup>11</sup>
- 30. In addition to the items included in the Amended Judgment, Far West is working to improve the operations of its Marwood WWTP. The Marwood plant is approved to treat a monthly average of 340,000 gallons per day. Over the 15 month period prior to March 2014, the highest average flow for the Marwood plant was 315,000 gallons per day in January 2014. The Marwood plant was not included in the Consent Judgment or Amended Judgment, and is operating as designed. The Marwood plant has no means of disposing the effluent except on the Foothills area golf courses, but the golf courses cannot consistently accept 315,000 gallons of effluent a day without experiencing operating issues, including pond overflow, ponding on the golf courses and odor emissions.<sup>12</sup>
- 31. The effluent disposal issue at the Marwood plant caused several ADEQ inspections and the issuance of a Notice of Violation ("NOV"). Mr. Jones testified that Far West responded fully to the NOV and has applied for an APP Amendment for the Marwood WWTP for construction of improvements, and is currently negotiating a Consent Order with ADEQ to resolve all compliance issues to bring Far West into full compliance with ADEQ.<sup>13</sup>

<sup>12</sup> Ex A-1 Jones Dir at 5. Tr. at 29.

<sup>13</sup> Ex A-1 Jones Dir at 6.

<sup>&</sup>lt;sup>9</sup> Id. <sup>10</sup> Id. <sup>11</sup> Id

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Far West is addressing the effluent disposal problem at the Marwood plant by 32. working to divert flows to the Section 14 WWTP. In March 2014. Far West re-routed the influent from Lift Station 27 to the Section 14 WWTP which reduced the Marwood influent by 35,000 to 40,000 gallons a day. Far West is also working to improve the 40<sup>th</sup> Street Lift Station, and once the improvements are complete will be able to divert another approximate 35,000 gallons of influent from Marwood to the Section 14 WWTP. 15 Far West expects the improvements to the 40th Street Lift Station to be complete by the end of 2014. 16

### The Requested Extension Area- Fortuna Commons

- Fortuna Commons is a commercial development that is located contiguous to Far 33. West's current CC&N area. The Fortuna Commons project contains a large grocery store, several restaurants and other commercial businesses. <sup>17</sup> The project is approximately 70-80 percent built-out. Currently Fortuna Commons is served by a private septic system.
  - Fortuna Commons is expected to have average daily flows of 10,200 gallons. 18 34.
  - The flows from Fortuna Commons will be treated at Far West's Section 14 WWTP. 19 35.
- 36. Far West asserts that it has sufficient capacity at its Section 14 wastewater treatment plant to treat the flows from the requested expansion area.<sup>20</sup> and that adding the Fortuna Commons flow to the Section 14 plant will not impact the Marwood plant.<sup>21</sup>
- 37. Fortuna Commons has requested sewer service from Far West, and in November 2010, executed an FXA with Far West. The Fortuna Commons property owner has installed privately owned sewer lines to allow connection to Far West's facilities as soon as Far West is authorized to provide sewer service.

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<sup>14</sup> Ex A-1 Jones Dir at 5; Tr. at 16.

Tr. at 16. 25

Tr. at 29-30.

Ex A-1 Jones Dir at 7; Tr. at 11. 26

Ex A-1 Jones Dir at 8.

<sup>20</sup> Ex A-1 Jones Dir at 5: Tr. at 12-13 and 24. The Section 14 WWTP is permitted to treat up to 681,000 gallons per day ("gpd"), and is expandable to 1.2 million gpd. Tr. at 26-27.

Ex A-1 Jones Dir at 6; Tr. at 17.

Far West states that the Fortuna Commons temporary septic system has been emitting

As part of its FXA, the Fortuna Commons developer agreed to pay a capacity charge

In its February 7, 2014 Status Update, Staff explained that in 2011 when it originally

Staff believes that extending Far West's CC&N to include the Fortuna Commons

In Decision No. 74203 (December 3, 2013), the Commission approved an Off-Site

strong odors.<sup>22</sup> Yuma County wants the Fortuna Commons development to hook up to a sewer

of \$106,488 which is intended to fund the developer's proportionate share of Far West's costs of

recommended denial of the requested CC&N extension, the Company's wastewater treatment plants

were not in compliance with ADEQ regulations or an ADEQ Consent Order.<sup>24</sup> Now, Staff favors

approving the extension request because ADEQ has informed Staff that Far West has entered into the

Amended Judgment and is in compliance with that agreement, and that Far West's wastewater

treatment plants were not currently "in violation at a level which ADEQ will take an action . . . . "25

Staff is satisfied with Far West's progress with respect to ADEO compliance.<sup>26</sup> Further, Staff now

finds that Far West's financial condition has improved and that it is making progress paying past

development is in the public interest because of the substantial benefits to the public health and

welfare that would result from having this commercial development connected to a sewer system

Hook-Up Fee (Water) Tariff and an Off-Site Facilities Hook-Up Fee (Wastewater) Tariff for Far

West. The Wastewater Hook-Up Fee ("HUF") Tariff provides a \$1,500 HUF for a 4-inch service

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Staff's Position

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obligations.<sup>27</sup>

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system as soon as it can.<sup>23</sup>

constructing the Off-site Improvements.

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rather than a septic system.<sup>28</sup>

<sup>23</sup> Tr. at 12.

October 25, 2013 letter to John LeSueur from ADEQ attached to Staff's Response to January 7, 2013 Procedural Order.
 Tr. at 61 and 73.

<sup>27</sup> Tr. at 73-74.

<sup>28</sup> Tr. at 68.

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<sup>26 &</sup>lt;sup>24</sup>In 2011, Staff's alternative recommendation was to issue an Order Preliminary pending Far West filing a notice from ADEQ that the Company is in total compliance with ADEQ regulations.

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<sup>33</sup> Tr. at 15.

lateral and a \$6,000 HUF for an 8-inch service lateral, for residential, commercial and industrial connections.<sup>29</sup>

- 43. In Staff's February 7, 2014 Response, Staff recommended that Far West's application to extend its CC&N be approved subject to the condition that it charge its authorized rates and charges in the extension area. Staff believed that Far West should charge the Fortuna Commons developer a HUF of \$6,000 pursuant to Far West's Tariff rather than the \$106,488 provided for in the FXA.
- 44. Far West disagreed with Staff's recommended condition because the FXA, including the negotiated capacity charge, was entered into prior to the adoption of the HUF Tariff and the larger charge is more equitable to residential customers.<sup>30</sup>
- 45. Ms. Chukwu testified that Staff would not object to the Company charging Fortuna Commons the negotiated amount of \$106,488 rather than the approved HUF Tariff in this case, if Far West could provide a letter from Fortuna Commons that it is willing and able to pay the negotiated amount.31 Ms. Chukwu agreed that Far West has complied with Staff's recommendation by obtaining the August 4, 2014 letter from Fortuna Commons Investment LLC.<sup>32</sup>

### **Conclusions**

46. Far West is in compliance with Commission Orders and its ADEQ Amended Judgment; has made satisfactory progress paying down debts as required by the last rate case order:<sup>33</sup> and has improved its financial condition since its most recent rate case. Far West has capacity at its Section 14 WWTP to treat the Fortuna Commons influent, and Yuma County wants the Fortuna Commons development to transition from a septic system to a sewer system as soon as possible. A septic system for a commercial development such as Fortuna Commons which includes a grocery

<sup>&</sup>lt;sup>29</sup> RV Park HUFs are assessed on a "per space" basis.

<sup>&</sup>lt;sup>30</sup> Tr. at 35-37, 47 and 77. Far West agrees that for any commercial development already within its CC&N, it would impose the approved HUF charges, but for commercial developments outside its CC&N, a capacity charge based on equivalent residential units should be allowed. Tr. at 17-19. Far West is contemplating how best to bring this issue before the Commission and may wait for the next request for it to expand its CC&N. The Company believes that the current HUF may deter the Company from expanding its CCN to serve new commercial developments outside of its CC&N. Tr. at 20.

Ex S-3 at 3. <sup>32</sup> Tr. at 69.

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store and restaurants is not a good long-term solution for wastewater treatment. Given the totality of circumstances, including Far West's ADEQ compliance, the need for Fortuna Commons to connect to a sewer system, Far West's ability to treat the Fortuna Commons wastewater, and Far West's improved financial condition and strengthened managerial abilities, it is in the public interest to extend Far West's CC&N to include the Fortuna Commons development as described in Exhibit A, attached hereto.

47. Far West and Fortuna Commons entered into their FXA in 2010 several years prior to the adoption of the Commission-approved HUF Tariffs. Mr. Jones explained that the \$106,488 capacity charge was calculated using an equivalent residential unit ("ERU") approach <sup>34</sup> The FXA Fee is equitable to Far West's current customers as well as the Fortuna Commons development and is a reasonable charge for this development. In this case, based on the totality of circumstances, including that the FXA was entered into prior to the adoption of the HUF Tariff, the developer's agreement to the FXA charge, the extra operational challenges of treating commercial waste from a grocery store and restaurants, and the reasonableness of the fee based on the ERU method, it is reasonable to waive the HUF Tariff in this case, and allow Far West to collect \$106,488 from Fortuna Commons for off-site facilities as a condition of connecting to the Far West system.

### **CONCLUSIONS OF LAW**

- 1. Far West is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.
- 2. The Commission has jurisdiction over Far West and the subject matter of the application.
  - 3. Notice of the application was provided in accordance with law.
- 4. There is a public need and necessity for sewer service in the proposed extension area as set forth in Exhibit A.

<sup>&</sup>lt;sup>34</sup> Tr. at 9-10. The calculation started with the developers' engineer's estimate of flow from the project, which equates to 54.49 equivalent units. Far West has determined that it costs \$1,954 per equivalent residential unit to construct the off-site facilities. The FXA fee is \$1,954 x 54.49 ERUs. Far West based its fee on the method approved for Litchfield Park Service Co. HUF. Tr. at 13.

<sup>&</sup>lt;sup>35</sup> If the HUF had been in place at the time Far West was negotiating with Fortuna Commons, Far West probably would have required separate sewer connections for each business in the development. Tr. at 35-56.

1	5. Far West is a fit and proper entity to receive a CC&N to provide sewer service in the		
2	proposed extension areas.		
3	<u>ORDER</u>		
4	IT IS THEREFORE ORDERED that the application of Far West Water & Sewer, Inc. for an		
5	extension of its Certificate of Convenience and Necessity to provide sewer service in Yuma County		
6	for that property described in Exhibit A hereto, is approved as conditioned herein.		
7	IT IS FURTHER ORDERED that Far West Water & Sewer, Inc. shall charge its authorized		
8	rates and charges in the extension area, except that the Wastewater Hook-up Fee Tariff that would		
9	otherwise apply to this connection is waived, and Far West Water & Sewer, Inc. is authorized to		
10	collect from the developer of the Fortuna Commons commercial development the amount of fees		
11	negotiated in the Sewer facilities extension agreement entered into in November 2010.		
12	IT IS FURTHER ORDERED that this Decision shall become effective immediately.		
13	BY ORDER OF THE ARIZONA CORPORATION COMMISSION.		
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16	CHAIRMAN COMMISSIONER		
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18	COMMISSIONER COMMISSIONER COMMISSIONER		
19	IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have		
20	hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix,		
21	this 15th day of September 2014.		
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23	JODI JERICH EXECUTIVE DIRECTOR		
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1	SERVICE LIST FOR:	FAR WEST WATER & SEWER, INC.	
2	DOCKET NO.:	WS-03478A-10-0523	
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4	Mr. Craig Marks Craig A. Marks, PLC 10645 N. Tatum Blvd.		
5	Suite 200-767		
6	Phoenix, AZ 85028 Attorney for Far West		
7	Ms. Janice Alward, Chief Counsel Legal Division ARIZONA CORPORATION COMMISSION 1200 West Washington Street Phoenix, Arizona 85007		
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10	Mr. Steve Olea, Director Utilities Division ARIZONA CORPORATION COMMISSION 1200 West Washington Street		
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#### **EXHIBIT A**

# LEGAL DESCRIPTION PARCEL 1

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Glia and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South 00°01'55" East along the West Ilne of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8:

Thence North 89°59'18" East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road and the TRUE POINT OF BEGINNING;

Thence North 00°01'55" West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet:

Thence North 89°59'18" East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of said Section 8 a distance of 537.00 feet:

Thence North 00°01'55" West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North 44°59'30" East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South 45°00'30" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 08°27'38" an arc distance of 134.66 feet;

Thence South 36°32'51" East a distance of 12.64 feet to the beginning of a curve concave southwesterly having a radial bearing of South 53°27'09" West:

Thence southeasterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of 36°31'59" an arc distance of 63.76 feet;

Thence South 00°00'52" East a distance of 280.10 feet:

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Thence North 89°59'08" East a distance of 186.00 feet:

Thence South 00°00'52" East a distance of 6.67 feet;

Thence North 89°59'08" East a distance of 135,71 feet;

Thence North 00°00'52" West a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 243.50 feet to a point on the East line of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 677.33 feet to the southeast corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 89°59'18" West along said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 1269.05 feet to the TRUE POINT OF BEGINNING:

Said parcel contains 12.9556 acres, more or less.

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## PARCEL 2

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South 00°01'55" East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8:

Thence North 89°59'18" East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North 00°01'55" West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North 89°59'18" East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of said Section 8 a distance of 537.00 feet:

Thence North 00°01'55" West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North 44°59'30" East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South 45°00'30" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 08°27'38" an arc distance of 134.66 feet;

Thence South 36°32'51" East a distance of 12.64 feet to the beginning of a curve concave southwesterly having a radial bearing of South 53°27'09" West;

Thence southeasterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of 36°31'59" an arc distance of 63.76 feet:

Thence South 00°00'52" East, a distance of 120.10 feet to the TRUE POINT OF BEGINNING:

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Thence North 89°59'08" East a distance of 82.12 feet;

Thence North 00°00'52" West a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 104.00 feet;

Thence North 00°00'52" West a distance of 59.20 feet;

Thence North 89°59'08" East a distance of 139.33 feet;

Thence North 00°00'52" West a distance of 105.00 feet:

Thence North 89°59'08" East a distance of 32.00 feet;

Thence South 00°00'52" East a distance of 9.00 feet;

Thence North 89°59'08" East a distance of 32.00 feet;

Thence South 00°00'52" East a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 175.76 feet to a point on the East line of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 289.86 feet;

Thence South 89°59'08" West a distance of 243,50 feet:

Thence South 00°00'52" East a distance of 32.00 feet;

Thence South 89°59'08" West a distance of 135.71feet:

Thence North 00°00'52" West a distance of 6.67 feet:

Thence South 89°59'08" West a distance of 186.00 feet:

Thence North 00°00'52" West a distance of 160.00 feet to the TRUE POINT OF BEGINNING:

Said parcel contains 3.2312 acres, more or less.

08038 parcel 2 legal doc

## LEGAL DESCRIPTION PARCEL 3

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South 00°01'55" East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North 89°59'18" East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North 00°01'55" West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet:

Thence North 89°59' (8" East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet:

Thence North 00°01'55" West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North 44°59'30" East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South 45°00'30" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 08°27'38" an arc distance of 134.66 feet to the TRUE POINT OF BEGINNING:

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South 36°32'51" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 14°18'26" an arc distance of 227.72 feet;

08038 parcel 3 legal.doc

Thence South 23°10'15" East a distance of 21.70 feet to the beginning of a curve concave southeasterly having a radial bearing of South 66°49'45" West;

Thence southeasterly along said curve, concave southwesterly of radius 85.00 feet through a central angle of 23°09'23" an arc distance of 34.35 feet;

Thence South 00°00'52" East a distance of 215.83 feet;

Thence South 89°59'08" West a distance of 104.00 feet;

Thence South 00°00'52" East a distance of 32.00 feet:

Thence South 89°59'08" West a distance of 82.12 feet;

Thence North 00°00'52" West a distance of 120.10 feet to the beginning of a curve concave southwesterly having a radial bearing of South 89°59'08" West;

Thence northwesterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of 36°31'59" an arc distance of 63.76 feet;

Thence North 36°32'51" West a distance of 12.64 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING:

Said parcel contains 1.0589 acres, more or less.

08038 parcel 3 legal,doc

## LEGAL DESCRIPTION PARCEL 4

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest comer of said Section 8;

Thence South 00°01'55" East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8:

Thence North 89°59'18" East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North 00°01'55" West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North 89°59'18" East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North 00°01'55" West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North 44°59'30" East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South 45°00'30" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 22°46'04" an arc distance of 362.38 feet to the TRUE POINT OF BEGINNING;

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South 22°14'26" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 10°41'45" an arc distance of 170.24 feet;

08038 parcel 4 legal:doc

Thence South 06°39'25" East a distance of 58.60 feet;

Thence South 27°31'41" East a distance of 37.38 feet;

Thence South 00°00'52" East a distance of 63.00 feet;

Thence South 89°59'08" West a distance of 32.00 feet:

Thence South 00°00'52" East a distance of 105.00 feet;

Thence South 89°59'08" West a distance of 139.33 feet;

Thence North 00°00'52" East a distance of 156.63 feet to the beginning of a curve concave southwesterly having a radial bearing of South 89°59'08" West;

Thence northwesterly along said curve, concave southwesterly of radius 85.00 feet through a central angle of 23°09'23" an arc distance of 34.35 feet;

Thence North 23°10'15" West a distance of 21.70 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING:

Said parcel contains 0.8513 acres, more or less.

08038 parcel 4 legal.doc

## LEGAL DESCRIPTION PARCEL 5

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South 00°01'55" East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8:

Thence North 89°59'18" East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North 00°01'55" West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North 89°59'18" East parallel with and 60,00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet:

Thence North 00°01'55" West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North 44°59'30" East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South 45°00'30" East:

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 33°27'49" an arc distance of 532.62 feet to the TRUE POINT OF BEGINNING:

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South 11°32'41" East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of 10°22'57" an arc distance of 165.25 feet;

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Thence North 88°50'16" East a distance of 67.80 feet to a point on the East line of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 214.94 feet;

Thence South 89°59'08" West a distance of 175.76 feet;

Thence North 00°00'52" West a distance of 32.00 feet:

Thence South 89°59'08" West a distance of 32.00 feet;

Thence North 00°00'52" West a distance of 72.00 feet;

Thence North 27°31'41" West a distance of 37.38 feet:

Thence North 06°39'25" West a distance of 58.60 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING:

Said parcel contains 1.0156 acres, more or less.

QB038 parcel 5 legal.doc